



**ANNUAL STATEMENT**  
**For the Year Ending December 31, 2011**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**Care Improvement Plus South Central Insurance Company**

NAIC Group Code	4443 (Current Period)	4443 (Prior Period)	NAIC Company Code	12567	Employer's ID Number	20-3888112
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	Arkansas		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[ ] N/A[X]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[ ]	
Incorporated/Organized	01/13/2006		Commenced Business	01/01/2007		
Statutory Home Office	400 West Capitol, Suite 2000 (Street and Number)		Little Rock, AR 72201 (City or Town, State and Zip Code)			
Main Administrative Office	Baltimore, MD 21201 (City or Town, State and Zip Code)		351 W. Camden Street, Suite 100 (Street and Number)		(410)625-2200 (Area Code) (Telephone Number)	
Mail Address	351 W. Camden Street, Suite 100 (Street and Number or P.O. Box)		Baltimore, MD 21201 (City or Town, State and Zip Code)			
Primary Location of Books and Records	Baltimore, MD 21201 (City or Town, State and Zip Code)		351 W. Camden Street, Suite 100 (Street and Number)		(410)625-2200 (Area Code) (Telephone Number)	
Internet Website Address	www.careimprovementplus.com					
Statutory Statement Contact	Reya Mathew (Name) rmathew@xlhealth.com (E-Mail Address)		(443)872-3040 (Area Code)(Telephone Number)(Extension) (410)244-8347 (Fax Number)			

**OFFICERS**

Name	Title
Frederick Clark Dunlap	Chairman, CEO & President
Paul Anthony Serini	Secretary & EVP
Mete Sahin	Treasurer & CFO
Robb Andrew Cohen	CGAO
Daniel Jay Friedman	Assistant Secretary & CLO
Suresh Ramakrishnan	CIO
Laura June Ciavola	Senior VP of Claims & Systems Intergration
Joseph Lee Spruiell	Senior Vice President, Field Operations

**OTHERS**

**DIRECTORS OR TRUSTEES**

Frederick Clark Dunlap Paul Anthony Serini  
Mete Sahin

State of \_\_\_\_\_  
County of \_\_\_\_\_ ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Frederick Clark Dunlap (Printed Name) 1. Chairman, CEO & President (Title)	(Signature) Paul Anthony Serini (Printed Name) 2. Secretary & EVP (Title)	(Signature) Mete Sahin (Printed Name) 3. Treasurer & CFO (Title)
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Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2012

a. Is this an original filing? Yes[X] No[ ]

b. If no, 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	108,761,402		108,761,402	120,186
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$....(21,220,699) Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....208,633,144 Schedule DA) .....	187,412,445		187,412,445	143,883,682
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives (Schedule DB) .....				
8.	Other invested assets (Schedule BA) .....				
9.	Receivables for securities .....				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11.	Aggregate write-ins for invested assets .....				
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	296,173,847		296,173,847	144,003,868
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....	777,057		777,057	24,534
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	152,762		152,762	10,754,037
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums .....	19,690,107		19,690,107	19,690,107
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	363,704		363,704	512,368
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....	17,186,474		17,186,474	25,395,830
18.1	Current federal and foreign income tax recoverable and interest thereon .....				1,674,673
18.2	Net deferred tax asset .....	13,625,195		13,625,195	11,305,509
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....				
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....	1,918,380		1,918,380	2,878,198
24.	Health care (\$.....19,736,828) and other amounts receivable .....	38,210,781	18,473,953	19,736,828	14,943,379
25.	Aggregate write-ins for other than invested assets .....				9,919
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	388,098,307	18,473,953	369,624,354	231,192,422
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	Total (Lines 26 and 27) .....	388,098,307	18,473,953	369,624,354	231,192,422
DETAILS OF WRITE-INS					
1101.	.....				
1102.	.....				
1103.	.....				
1198.	Summary of remaining write-ins for Line 11 from overflow page .....				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501.	Premium Tax Receivable .....				9,919
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....				9,919

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....142,826 reinsurance ceded) .....	151,186,044		151,186,044	121,548,845
2.	Accrued medical incentive pool and bonus amounts .....	2,291,768		2,291,768	288,866
3.	Unpaid claims adjustment expenses .....	2,585,175		2,585,175	2,474,600
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	30,378,987		30,378,987	4,377,121
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	18,584		18,584	1,661
9.	General expenses due or accrued .....				
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	7,201,230		7,201,230	
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....	128,005		128,005	491,966
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
20.	Reinsurance in unauthorized companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....				
23.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24.	TOTAL Liabilities (Lines 1 to 23) .....	193,789,793		193,789,793	129,183,059
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X	1,810,447	3,768,503
26.	Common capital stock .....	X X X	X X X	750,000	750,000
27.	Preferred capital stock .....	X X X	X X X		
28.	Gross paid in and contributed surplus .....	X X X	X X X	182,812,960	207,812,960
29.	Surplus notes .....	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	(9,538,848)	(110,322,101)
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	175,834,559	102,009,362
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	369,624,352	231,192,421
DETAILS OF WRITE-INS					
2301.	.....				
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501.	Additional DTA per SSAP 10R para 10e .....	X X X	X X X	1,810,447	3,768,503
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X	1,810,447	3,768,503
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	924,562	700,810
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	1,350,722,727	924,036,682
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	1,350,722,727	924,036,682
Hospital and Medical:				
9.	Hospital/medical benefits .....		904,912,108	700,184,576
10.	Other professional services .....		10,391,582	8,397,555
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....			
13.	Prescription drugs .....		85,590,973	63,530,453
14.	Aggregate write-ins for other hospital and medical .....		4,957,962	2,305,731
15.	Incentive pool, withhold adjustments and bonus amounts .....		3,896,809	218,885
16.	Subtotal (Lines 9 to 15) .....		1,009,749,434	774,637,200
Less:				
17.	Net reinsurance recoveries .....		(959,195)	1,352,439
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....		1,010,708,629	773,284,761
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....54,037,438 cost containment expenses .....		104,012,408	76,533,053
21.	General administrative expenses .....		106,922,865	79,889,899
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....		1,221,643,902	929,707,713
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	129,078,825	(5,671,031)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		(4,660)	(212,884)
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....		(86,801)	
27.	Net investment gains (losses) (Lines 25 plus 26) .....		(91,461)	(212,884)
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....663,325)] .....		(663,325)	(709,798)
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	128,324,039	(6,593,713)
31.	Federal and foreign income taxes incurred .....	X X X .....	29,625,459	(1,674,673)
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	98,698,580	(4,919,040)
DETAILS OF WRITE-INS				
0601.	.....	X X X .....		
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	Transportation Costs .....		4,957,962	2,305,731
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		4,957,962	2,305,731
2901.	.....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	102,009,362	72,030,793
34.	Net income or (loss) from Line 32 .....	98,698,580	(4,919,040)
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	(12,415,688)	24,230,436
39.	Change in nonadmitted assets .....	15,019,611	(26,801,330)
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....	(25,000,000)	33,700,000
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....	(2,477,304)	3,768,503
48.	Net change in capital and surplus (Lines 34 to 47) .....	73,825,199	29,978,569
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	175,834,561	102,009,362
DETAILS OF WRITE-INS			
4701.	Add'l DTA per SSAP 10R paragraph 10e .....	(1,958,056)	3,768,503
4702.	Post Audit Correction of Error .....	(519,248)	
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	(2,477,304)	3,768,503

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	1,386,978,830	916,371,392
2.	Net investment income .....	(243,819)	(204,191)
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	1,386,735,011	916,167,201
5.	Benefit and loss related payments .....	985,387,132	771,947,685
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	203,278,667	153,117,086
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	16,833,445	(480,506)
10.	Total (Lines 5 through 9) .....	1,205,499,244	924,584,265
11.	Net cash from operations (Line 4 minus Line 10) .....	181,235,767	(8,417,064)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	35,008,950	921,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....	(4,491)	
12.7	Miscellaneous proceeds .....	0	
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	35,004,459	921,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	144,245,840	124,678
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	144,245,840	124,678
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(109,241,381)	796,322
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	(25,000,000)	33,700,000
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(3,465,623)	10,791,810
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(28,465,623)	44,491,810
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	43,528,764	36,871,068
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	143,883,682	107,012,614
19.2	End of year (Line 18 plus Line 19.1) .....	187,412,445	143,883,682

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	1,350,722,727						1,350,722,727			
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....										X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
7.	TOTAL Revenues (Lines 1 to 6) .....	1,350,722,727						1,350,722,727			
8.	Hospital/medical benefits .....	904,912,108						904,912,108			X X X .....
9.	Other professional services .....	10,391,582						10,391,582			X X X .....
10.	Outside referrals .....										X X X .....
11.	Emergency room and out-of-area .....										X X X .....
12.	Prescription drugs .....	85,590,973						85,590,973			X X X .....
13.	Aggregate write-ins for other hospital and medical .....	4,957,962						4,957,962			X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....	3,896,809						3,896,809			X X X .....
15.	Subtotal (Lines 8 to 14) .....	1,009,749,434						1,009,749,434			X X X .....
16.	Net reinsurance recoveries .....	(959,195)						(959,195)			X X X .....
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	1,010,708,629						1,010,708,629			X X X .....
18.	Non-health claims (net) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
19.	Claims adjustment expenses including \$.....54,037,438 cost containment expenses .....	104,012,408						104,012,408			
20.	General administrative expenses .....	106,922,865						106,922,865			
21.	Increase in reserves for accident and health contracts .....										X X X .....
22.	Increase in reserves for life contracts .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	1,221,643,902						1,221,643,902			
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	129,078,825						129,078,825			
DETAILS OF WRITE-INS											
0501.	.....										X X X .....
0502.	.....										X X X .....
0503.	.....										X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X .....
0601.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0602.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0603.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
1301.	Transportation Costs .....	4,957,962						4,957,962			X X X .....
1302.	.....										X X X .....
1303.	.....										X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	4,957,962						4,957,962			X X X .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	1,352,137,306	.....	1,414,580	1,350,722,726
7.	Title XIX - Medicaid .....	.....	.....	.....	.....
8.	Other health .....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 through 8) .....	1,352,137,306	.....	1,414,580	1,350,722,726
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11) .....	1,352,137,306	.....	1,414,580	1,350,722,726



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	984,087,570						984,087,570			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	594,345						594,345			
1.4 Net .....	983,493,225						983,493,225			
2. Paid medical incentive pools and bonuses .....	1,893,907						1,893,907			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	151,328,870						151,328,870			
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....	142,826						142,826			
3.4 Net .....	151,186,044						151,186,044			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....	2,291,768						2,291,768			
6. Net healthcare receivables (a) .....	6,467,268						6,467,268			
7. Amounts recoverable from reinsurers December 31, current year .....	363,704						363,704			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	123,096,547						123,096,547			
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....	1,547,702						1,547,702			
8.4 Net .....	121,548,845						121,548,845			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....	288,866						288,866			
11. Amounts recoverable from reinsurers December 31, prior year .....	512,368						512,368			
12. Incurred benefits:										
12.1 Direct .....	1,005,852,625						1,005,852,625			
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	(959,195)						(959,195)			
12.4 Net .....	1,006,811,820						1,006,811,820			
13. Incurred medical incentive pools and bonuses .....	3,896,809						3,896,809			

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	38,734,368						38,734,368			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	38,734,368						38,734,368			
2. Incurred but Unreported:										
2.1 Direct .....	112,594,502						112,594,502			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....	142,826						142,826			
2.4 Net .....	112,451,676						112,451,676			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	151,328,870						151,328,870			
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....	142,826						142,826			
4.4 Net .....	151,186,044						151,186,044			

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	92,147,614	891,494,275	316,353	150,869,691	92,463,967	121,548,845
7.	Title XIX - Medicaid .....	.....	.....	.....	.....	.....	.....
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8) .....	92,147,614	891,494,275	316,353	150,869,691	92,463,967	121,548,845
10.	Healthcare receivables (a) .....	3,929,018	34,281,763	.....	.....	3,929,018	31,743,513
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts .....	1,893,907	.....	.....	2,291,768	1,893,907	288,866
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	90,112,503	857,212,512	316,353	153,161,458	90,428,857	90,094,198

(a) Excludes \$......0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....					
2.	2007 .....	217,851	361,772	362,006	361,541	360,740
3.	2008 .....	X X X	538,239	642,053	640,536	635,885
4.	2009 .....	X X X	X X X	514,757	619,066	613,898
5.	2010 .....	X X X	X X X	X X X	653,218	785,694
6.	2011 .....	X X X	X X X	X X X	X X X	857,213

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....					
2.	2007 .....	362,989	364,089	362,006	361,541	360,740
3.	2008 .....	X X X	642,013	642,758	640,536	635,885
4.	2009 .....	X X X	X X X	618,150	619,277	613,898
5.	2010 .....	X X X	X X X	X X X	774,845	786,010
6.	2011 .....	X X X	X X X	X X X	X X X	1,010,374

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	389,168	360,740	49,815	13.809	410,555	105.496			410,555	105.496
2.	2008 .....	690,374	635,885	44,495	6.997	680,380	98.552			680,380	98.552
3.	2009 .....	745,347	613,898	62,890	10.244	676,788	90.802			676,788	90.802
4.	2010 .....	924,037	785,694	79,194	10.079	864,888	93.599	316	5	865,209	93.634
5.	2011 .....	1,350,723	857,213	88,339	10.305	945,552	70.003	153,161	2,580	1,101,293	81.534

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . .	NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....					
2.	2007 .....	217,851	361,772	362,006	361,541	360,740
3.	2008 .....	X X X	538,239	642,053	640,536	635,885
4.	2009 .....	X X X	X X X	514,757	619,066	613,898
5.	2010 .....	X X X	X X X	X X X	653,218	785,694
6.	2011 .....	X X X	X X X	X X X	X X X	857,213

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....					
2.	2007 .....	362,989	364,089	362,006	361,541	360,740
3.	2008 .....	X X X	642,013	642,758	640,536	635,885
4.	2009 .....	X X X	X X X	618,150	619,277	613,898
5.	2010 .....	X X X	X X X	X X X	774,845	786,010
6.	2011 .....	X X X	X X X	X X X	X X X	1,010,374

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	389,168	360,740	49,815	13.809	410,555	105.496			410,555	105.496
2.	2008 .....	690,374	635,885	44,495	6.997	680,380	98.552			680,380	98.552
3.	2009 .....	745,347	613,898	62,890	10.244	676,788	90.802			676,788	90.802
4.	2010 .....	924,037	785,694	79,194	10.079	864,888	93.599	316	5	865,209	93.634
5.	2011 .....	1,350,723	857,213	88,339	10.305	945,552	70.003	153,161	2,580	1,101,293	81.534

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) .....	30,378,987						30,378,987		
5. Aggregate write-ins for other policy reserves .....									
6. TOTALS (Gross) .....	30,378,987						30,378,987		
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	30,378,987						30,378,987		
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) ....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....0 premium deficiency reserve.



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....	1,566,217	746,582	1,598,761		3,911,560
2.	Salaries, wages and other benefits .....	27,878,996	13,399,903	28,458,294		69,737,193
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			34,552,959		34,552,959
4.	Legal fees and expenses .....	549,929	262,140	561,356		1,373,425
5.	Certifications and accreditation fees .....	287,242	39,515	213,767		540,524
6.	Auditing, actuarial and other consulting services .....		9,220,974	14,186,114	236,435	23,643,523
7.	Traveling expenses .....	1,388,303	661,775	1,417,151		3,467,229
8.	Marketing and advertising .....	1,752,753	926,722	8,502,163		11,181,638
9.	Postage, express and telephone .....	3,530,640	1,682,982	3,604,004		8,817,626
10.	Printing and office supplies .....	4,234,145	2,018,327	4,322,127		10,574,599
11.	Occupancy, depreciation and amortization .....	2,898,331	1,381,573	2,958,556		7,238,460
12.	Equipment .....	1,217,746	6,800	390,976		1,615,522
13.	Cost or depreciation of EDP equipment and software .....	975,777	465,132	996,053		2,436,962
14.	Outsourced services including EDP, claims, and other services .....	5,792,897	17,983,319	1,346,459		25,122,675
15.	Boards, bureaus and association fees .....	147,422	70,273	150,485		368,180
16.	Insurance, except on real estate .....	232,848	110,994	237,686		581,528
17.	Collection and bank service charges .....		243,783	243,783	121,892	609,458
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....			573,128		573,128
23.2	State premium taxes .....					
23.3	Regulator authority licenses and fees .....			270,482		270,482
23.4	Payroll taxes .....	1,582,147	754,175	1,615,020		3,951,342
23.5	Other (excluding federal income and real estate taxes) .....	2,045		723,541		725,586
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....					
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....	54,037,438	49,974,969	106,922,865	358,327	(a) 211,293,599
27.	Less expenses unpaid December 31, current year .....		2,585,175			2,585,175
28.	Add expenses unpaid December 31, prior year .....		2,474,600			2,474,600
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	54,037,438	49,864,394	106,922,865	358,327	211,183,024
DETAILS OF WRITE-INS						
2501.	.....					
2502.	.....					
2503.	.....					
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....					

(a) Includes management fees of \$.....210,609,897 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... (341,592)	270,225
1.1	Bonds exempt from U.S. tax .....	(a).....	
1.2	Other bonds (unaffiliated) .....	(a)..... 20,860	20,860
1.3	Bonds of affiliates .....	(a).....	
2.1	Preferred stocks (unaffiliated) .....	(b).....	
2.11	Preferred stocks of affiliates .....	(b).....	
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash, cash equivalents and short-term investments .....	(e)..... (85,941)	62,582
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	(406,674)	353,666
11.	Investment expenses .....		(g)..... 358,327
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		
16.	Total deductions (Lines 11 through 15) .....		358,327
17.	Net Investment income (Line 10 minus Line 16) .....		(4,660)
DETAILS OF WRITE-INS			
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		
(a) Includes \$.....9,356 accrual of discount less \$.....522,720 amortization of premium and less \$.....704,732 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....370,823 amortization of premium and less \$.....156,837 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....					
1.1	Bonds exempt from U.S. tax .....					
1.2	Other bonds (unaffiliated) .....	(82,310)		(82,310)		
1.3	Bonds of affiliates .....					
2.1	Preferred stocks (unaffiliated) .....					
2.11	Preferred stocks of affiliates .....					
2.2	Common stocks (unaffiliated) .....					
2.21	Common stocks of affiliates .....					
3.	Mortgage loans .....					
4.	Real estate .....					
5.	Contract loans .....					
6.	Cash, cash equivalents and short-term investments .....	(4,491)		(4,491)		
7.	Derivative instruments .....					
8.	Other invested assets .....					
9.	Aggregate write-ins for capital gains (losses) .....					
10.	Total capital gains (losses) .....	(86,801)		(86,801)		
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page ..					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..					

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Derivatives (Schedule DB) .....			
8.	Other invested assets (Schedule BA) .....			
9.	Receivables for securities .....			
10.	Securities lending reinvested collateral assets (Schedule DL) .....			
11.	Aggregate write-ins for invested assets .....			
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....			
13.	Title plants (for Title insurers only) .....			
14.	Invested income due and accrued .....			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3	Accrued retrospective premiums .....			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....			
16.2	Funds held by or deposited with reinsured companies .....			
16.3	Other amounts receivable under reinsurance contracts .....			
17.	Amounts receivable relating to uninsured plans .....			
18.1	Current federal and foreign income tax recoverable and interest thereon .....			
18.2	Net deferred tax asset .....		16,693,430	16,693,430
19.	Guaranty funds receivable or on deposit .....			
20.	Electronic data processing equipment and software .....			
21.	Furniture and equipment, including health care delivery assets .....			
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
23.	Receivables from parent, subsidiaries and affiliates .....			
24.	Health care and other amounts receivable .....	18,473,953	16,800,134	(1,673,819)
25.	Aggregate write-ins for other than invested assets .....			
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	18,473,953	33,493,564	15,019,611
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28.	Total (Lines 26 and 27) .....	18,473,953	33,493,564	15,019,611
DETAILS OF WRITE-INS				
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page .....			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501.	.....			
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	.....	.....	.....	.....	.....	.....
2.	Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3.	Preferred Provider Organizations .....	68,544	72,957	76,150	79,779	83,665	924,562
4.	Point of Service .....	.....	.....	.....	.....	.....	.....
5.	Indemnity Only .....	.....	.....	.....	.....	.....	.....
6.	Aggregate write-ins for other lines of business .....	.....	.....	.....	.....	.....	.....
7.	TOTAL .....	68,544	72,957	76,150	79,779	83,665	924,562
DETAILS OF WRITE-INS							
0601.	.....	.....	.....	.....	.....	.....	.....
0602.	.....	.....	.....	.....	.....	.....	.....
0603.	.....	.....	.....	.....	.....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statements

1. Summary of Significant Accounting Policies

a. Accounting Practices

The accompanying financial statements of Care Improvement Plus South Central Insurance Company (“the Company”) have been prepared in conformity with accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Arkansas Insurance law. The National Association of Insurance Commissioners' (“NAIC”) Accounting Practices and Procedures Manual, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Arkansas.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Arkansas is shown below:

	<u>2011</u>	<u>2010</u>
(1) Net Income Arkansas state basis	98,698,579	(4,919,039)
(2) State Prescribed Practices (Income):	-	-
(3) State Permitted Practices (Income):	-	-
(4) Net Income, NAIC SAP	98,698,579	(4,919,039)
(5) Statutory Surplus Arkansas basis	175,834,560	102,009,362
(6) State Prescribed Practices (Surplus):	-	-
(7) State Permitted Practices (Surplus):	-	-
(8) Statutory Surplus, NAIC SAP	175,834,560	102,009,362

b. Use of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

c. Accounting Policy

- (1) Cash and short-term investments include cash and US government and agency obligations with original dates of maturity of twelve months or less when purchased. Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific interest method.
- (3) The Company had no common stock.
- (4) The Company had no preferred stock.
- (5) The Company had no mortgage loans.
- (6) The Company had no loan-backed securities.
- (7) The Company had no investments in subsidiaries, controlled and affiliated companies.
- (8) The Company had no investments in joint ventures, partnerships and limited liability companies.
- (9) The Company had no derivatives.

Notes to Financial Statements

- (10) The Company does utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company’s capitalization policy has not changed.
- (13) The Company’s pharmaceutical rebate receivables are estimated based on contractual per member per month (PMPM) and current volume. The majority of rebates are billed or confirmed within 60 days at the end of each quarter. The rebates are then paid in accordance with contract terms with the Company’s pharmacy benefit manager.

2. Accounting Changes and Corrections of Errors

A. After the annual statement filing date, the Company made the following adjustment to prior year financial results:

Increase in Claims Incurred	\$519,248
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The Company performed additional analysis after the annual statement filing date and wrote down health care receivables by \$519,248. As a result, claims incurred increased by the same amount. This adjustment increased the annual statement net loss but had no net effect on capital and surplus, as the receivables that were written down were previously non-admitted.

3. Business Combinations and Goodwill

- a. Statutory Purchase Method – None.
- b. Statutory Merger – None.
- c. Assumption Reinsurance – None.
- d. Impairment Loss – None.

4. Discontinued Operations

None.

5. Investments

- a. Mortgage Loans – None.
- b. Debt Restructuring – None.
- c. Reverse Mortgages – None.
- d. Loan-Backed Securities – None.
- e. Repurchase Agreements and/or Securities Lending Transactions – None.
- f. Real Estate – None.
- g. Low-income housing tax credits (LIHTC) – None.

Notes to Financial Statements

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income

- a. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.
- b. The Company had no investment income due and accrued excluded from surplus.

8. Derivative Instruments

None.

9. Income Taxes

The Company recognizes a deferred tax asset or liability for the expected future tax effects attributable to the temporary difference between the tax and financial statement bases of assets and liabilities. Deferred tax assets and liabilities are adjusted to reflect changes in tax rates or other provisions of the tax law in the period in which such changes are enacted. Deferred tax assets are recognized unless it is more likely than not, that some portion or all of the deferred tax assets will not be recovered.

A) 1) The components of the net deferred tax assets (liabilities) are as follows:

	2011 Ordinary	2010 Ordinary	Change Increase/(Decrease)
Total Gross Deferred Tax Assets	13,625,195	27,998,939	(14,373,743)
Statutory Valuation Allowance	-	-	-
Adjusted Gross Deferred Tax Assets	13,625,195	27,998,939	(14,373,743)
Total Gross Deferred Tax Liabilities	-	-	-
Net Deferred Tax Assets before admissibility test	13,625,195	27,998,939	(14,373,743)
Admitted pursuant to ¶10.a	7,159,311	-	7,159,311
¶10.b.i. Adjusted Gross DTA expected to be realized in one year	4,655,436	14,517,190	(9,861,754)
¶10.b.ii. 10% adjusted statutory capital and surplus limit	16,213,312	7,537,006	8,676,306
Admitted pursuant to ¶10.b (lesser of i. or ii.)	4,655,436	7,537,006	(2,881,570)
¶10.c Admitted pursuant to ¶10.c.	-	-	-
¶10.e.i. Additional admitted pursuant to ¶10.e.i.	7,159,311	-	7,159,311
¶10.e.ii.a Adjusted gross DTA expected to be realized in three years	6,465,884	22,118,892	(15,653,008)
¶10.e.ii.b 15% adjusted statutory capital and surplus limit	24,319,968	11,305,509	13,014,459
Additional admitted pursuant to ¶10.e.ii. (lesser of a or b)	6,465,884	11,305,509	(4,839,625)
¶10.e.iii. Additional admitted pursuant to ¶10.e.iii.	-	-	-
Admitted Deferred Tax Assets	13,625,195	11,305,509	2,319,686
Deferred Tax Liability	-	-	-
Net Admitted Deferred Tax Asset	13,625,195	11,305,509	2,319,686
Non-Admitted Deferred Tax Assets	-	16,693,430	(16,693,430)

Note: For 2011 and 2010 100% of the Company's DTA's are characterized as ordinary. The Company doesn't have any capital assets.

- 2) The Company has met the necessary Risk-Based Capital levels to be able to admit the increased amount of deferred tax assets under SSAP No. 10R and an election has been made to admit DTAs pursuant to SSAP No.10R.
- 3) The Company recorded an increase in admitted DTAs as the result of its election to employ the provisions of paragraph 10.e. as follows:

Notes to Financial Statements

	Change during 2011	Change during 2010
	Ordinary	Ordinary
Total Gross Deferred Tax Assets	(14,373,743)	4,170,891
Statutory Valuation Allowance	-	23,828,048
Adjusted Gross Deferred Tax Assets	(14,373,743)	27,998,939
Total Gross Deferred Tax Liabilities	-	-
Net Deferred Tax Assets before admissibility test	(14,373,743)	27,998,939
Admitted pursuant to ¶10.a	7,159,311	-
¶10.b.i. Adjusted Gross DTA expected to be realized in one year	(6,796,941)	14,517,190
¶10.b.ii. 10% adjusted statutory capital and surplus limit	8,676,306	7,537,006
Admitted pursuant to ¶10.b (lesser of i. or ii.)	(2,881,570)	7,537,006
¶10.c Admitted pursuant to ¶10.c.	-	-
¶10.e.i. Additional admitted pursuant to ¶10.e.i.	7,159,311	-
¶10.e.ii.a Adjusted gross DTA expected to be realized in three years	(9,548,982)	22,118,892
¶10.e.ii.b 15% adjusted statutory capital and surplus limit	13,014,459	11,305,509
Additional admitted pursuant to ¶10.e.ii. (lesser of a or b)	(4,839,625)	11,305,509
¶10.e.iii. Additional admitted pursuant to ¶10.e.iii.	-	-
Admitted Deferred Tax Assets	2,319,686	11,305,509
Deferred Tax Liability	-	-
Change in net admitted DTA or DTL	2,319,686	11,305,509
Change in nonadmitted DTA	(16,693,430)	16,693,430

4) SSAP No.10R, ¶s 10.a., 10.b., 10.c.:

	2011	2010	
	Ordinary	Ordinary	Change
Admitted Deferred Tax Assets	11,814,748	7,537,006	4,277,742
Admitted Assets	367,813,906	227,423,919	140,389,987
Adjusted Statutory Surplus*	174,024,112	98,240,859	75,783,253
Total Adjusted Capital from DTAs	11,814,748	7,537,006	4,277,742

Increases due to SSAP No. 10R, ¶ 10.e.

Admitted Deferred Tax Assets	1,810,447	3,768,503	(1,958,056)
Admitted Assets	1,810,447	3,768,503	(1,958,056)
Statutory Surplus	1,810,447	3,768,503	(1,958,056)

\* As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, ¶ 10.b.ii.

- B) All DTLs have been recognized.
- C) Current income taxes incurred consists of the following major components:

Description	2011	2010	Change
Current Federal Income Tax Expense (Benefit)	29,899,586	(1,674,673)	31,574,259
Prior year over benefit	0	(0)	(54,248)
Federal income taxes incurred	29,899,586	(1,674,673)	31,574,259



Notes to Financial Statements

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2011	2010	Change
Unearned Premium Revenue	1,301	116	1,185
IBNR	921,146	805,880	115,267
Bad Debt	4,053,282	3,062,940	990,342
Non-Admitted Assets	6,465,884	5,880,047	585,837
Net Operating Loss	2,183,582	18,249,956	(16,066,374)
Gross Deferred Tax Assets	13,625,195	27,998,939	(14,373,743)
Statutory Valuation Allowance	-	-	-
Adjusted Gross Deferred Tax Assets	13,625,195	27,998,939	(14,373,743)
Non-Admitted Deferred Tax Assets	-	(16,693,430)	16,693,430
Gross Deferred Tax Liabilities	-	-	-
Net Admitted Deferred Tax Assets	13,625,195	11,305,509	2,319,686

The change in net deferred income taxes is comprised of the following:

	2011	2010	Change
Total Deferred Tax Assets	13,625,195	27,998,939	(14,373,743)
Statutory Valuation Allowance	-	-	-
Total Deferred Tax Liabilities	-	-	-
Net Deferred Tax Assets	13,625,195	27,998,939	(14,373,743)
Admitted Deferred Tax Assets	13,625,195	11,305,509	2,319,686
Non-Admitted Deferred Tax Assets	-	16,693,430	(16,693,430)
Change in net deferred income tax			(14,373,743)

D) Reconciliation of Federal Income Tax Rate to Actual Effective Tax Rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	2011	Effective Tax Rate	2010	Effective Tax Rate
Provision computed at statutory rate	45,114,008	-35.00%	(2,307,799)	-35.00%
Prior Year True Up	(54,248)	0.04%	-	0.00%
Change in Non-Admitted assets	(585,837)	0.45%	(3,537,765)	-53.65%
Change in Valuation Allowance	-	0.00%	(23,828,048)	-361.38%
Other ~ federal benefit on state taxes	(200,595)	0.16%	-	0.00%
Total	44,273,329	-34.35%	(29,673,612)	-450.03%
Federal income tax incurred	29,899,586	-23.20%	(1,674,673)	-25.40%
Change in net deferred income tax	14,373,743	-11.15%	(27,998,939)	-424.63%
Total statutory income taxes	44,273,329	-34.35%	(29,673,612)	-450.03%

E) As of December 31, 2011, Care Improvement Plus South Central Insurance Company has \$6,238,805 of net operating loss carryforwards, of which all expire on 12/31/2028.

The following are income taxes incurred in the current and prior years which would be available for recoupment in the event of future net losses

2011	29,899,586
2010	-
2009	-

# Notes to Financial Statements

F) (1) The Company's tax return is combined with the following entities of XLHealth Corporation, Inc.:

- XLHealth Corporation, Inc. (the "Parent")
- XLHealth Texas, Inc.
- XLHealth BIPA, Inc.
- Care Improvement Associates of Pennsylvania, Inc.
- Care Improvement Associates of Texas, Inc.
- Care Improvement Plus of Alabama Insurance Company
- Care Improvement Plus of Maryland, Inc.
- Care Improvement Plus of North Carolina Insurance Company
- Care Improvement Plus of South Central Insurance Company
- Care Improvement Plus of Tennessee Insurance Company
- Care Improvement Plus of Texas Insurance Company
- Care Improvement Plus of Virginia Insurance Company
- Care Improvement Reinsurance Corporation of America

(2) Pursuant to a written tax-sharing agreement between XLHealth Corporation, Inc. and Care Improvement Plus South Central Insurance Company, each year the group's tax liability is charged to those members with positive separate company taxable income as computed on a "stand alone liability" basis with those members generating tax benefits (i.e. losses) being reimbursed as the tax benefits are utilized by other members of the group, as set forth in the executed tax-sharing agreement. As of December 31, 2011, payments have been received in the amount of \$1,948,801 (relating to the 2010 tax year) under the tax-sharing agreement.

## 10. Information Concerning Parent, Subsidiaries and Affiliates

a, b, c, d & f The Company has an administrative agreement with XLHealth Corporation to provide all administrative services. The Company incurred \$210,609,897 and \$156,008,569 in management expenses to XLHealth Corporation in 2011 and 2010, respectively.

The Company has an income tax payable in the amount of \$7,201,230 and an income tax receivable of \$1,674,673 from XLHealth at the end of 2011 and 2010, respectively, in accordance with the Tax Sharing Agreement.

The Company has an outstanding receivable from XLHealth Corporation of \$1,918,380 and \$2,878,197 at the end of 2011 and 2010, respectively, for settlement of intercompany activities.

- e. There are no guarantees or undertakings for the benefit of any affiliate or related party.
- g. All outstanding shares of the Company are owned by the parent company, XLHealth Corporation, an insurance holding company incorporated in the State of Maryland.
- h. The Company does not have any ownership in its Parent Company.
- i. The Company does not have any ownership in any SCA Companies.
- j. The Company does not have any ownership in any SCA Companies.
- k. The Company does not have any ownership in any foreign SCA Companies.
- l. The Company does not have any ownership in any downstream noninsurance holding company.

## 11. Debt

None.

## Notes to Financial Statements

### **12. Retirement Plans, Deferred Compensation, Post-Employment Benefits, Compensated Absences and other Postretirement Benefit Plans.**

- a. Defined Benefit Plan – None.
- b. Deferred Contribution Plan – None.
- c. Multi-Employer Plan – None.
- d. Consolidated/Holding Company Plans – None.
- e. Post-Employment Benefits and Compensated Absences – None.
- f. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None.

### **13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

- (1) The Company has 100,000 shares of common stock authorized, issued and outstanding at a par value of \$7.50.
- (2) The Company has no preferred stock outstanding.
- (3) Dividends are paid as determined by the Board of Directors with the approval of the Commissioner of the Arkansas Insurance Department, as long as the Company meets or exceeds minimum surplus requirements.
- (4) The Company paid XLHealth Corporation an extraordinary dividend of \$25,000,000 on October 13, 2011.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company held no stock.
- (9) There were no changes to the balances of any special surplus funds from the prior year.
- (10.) Portion of unassigned funds represented or reduced by unrealized gains or losses is \$0.
- (11) The Company did not issue any surplus debentures or similar obligations.
- (12) and (13) There have been no quasi-reorganizations.

## Notes to Financial Statements

### 14. Contingencies

- a. Contingent Commitments – None.
- b. Assessments – None.
- c. Gain Contingencies – None.
- d. Claims related extra contractual obligations and bad faith losses stemming from lawsuits – None.
- e. All Other Contingencies – None.

### 15. Leases

None.

### 16. Information about Financial Instruments with off-balance sheet risk and financial instruments with concentrations of credit risk.

None.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.

- a. Transfers of Receivables reported as Sales – None.
- b. Transfer and Servicing of Financial Assets – None.
- c. Wash Sales – None.

### 18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans.

- a. ASO Plans – None.
- b. ASC Plans – None.
- c. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:
  - a. Revenue from the Company's Medicare Part D (or similarly structured cost based reimbursement contract) for the year 2011, consisted of \$ \$136,797,324 for pharmacy expenses.
  - b. As of December 31, 2011, the Company recorded a receivable from CMS whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000. The total balance for the Medicare Part D Low-income Subsidy and Reinsurance Subsidy is \$17,186,474.
  - c. In connection with the Company's Medicare Part D (or similarly structured cost based reimbursement contract) contract, the Company has recorded allowances and reserves for adjustment of recorded revenues in the amount of \$0 at December 31, 2011.
  - d. The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

None.

Notes to Financial Statements

20. Fair Value Measurements

A. Fair Market Value at Reporting Date

- (1) Fair Market Value at Reporting Date None.
- (2) Fair Value Measurements in (Level 3) of the Fair Value - None.
- (3) The Company’s policy for determining when transfers between levels are recognized is the end of the reporting period.- None.
- (4) a & b & c – There are no fair value measurements categorized within level 2 and level 3 of the fair value hierarchy - None.
- (5) Derivative assets and liabilities – None.

21. Other Items

- a. Extraordinary Items – None.
- b. Troubled Debt Restructuring – None.
- c. Other Disclosures – None.
- d. There are no balances of assets covered by SSAP No. 6, Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.
- e. Business Interruption Insurance Recoveries - None.
- f. State Transferable and Non-transferable Tax Credits - None.
- g. Subprime Related Risk Exposure – None.
- h. Retained Assets – None.

22. Events Subsequent

Type I. – Recognized Subsequent Events

Subsequent events have been considered through 02/28/2012 for the statutory statement issued on December 31, 2011.

None.

Type II. – Nonrecognized Subsequent Events

Subsequent events have been considered through 02/28/2012 for the statutory statement issued on December 31, 2011. The Company was sold to UnitedHealth Group with a closing date of February 8, 2012.

23. Reinsurance

a. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( )                      No ( x )

## Notes to Financial Statements

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( )

No ( x )

### Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( )

No ( x )

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( )

No ( x )

### Section 3 – Ceded Reinsurance Report – Part B – Not applicable.

b. Uncollectible Reinsurance – None.

c. Commutation of Ceded Reinsurance – None.

## 24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

a. The Company estimates accrued retrospective premium adjustments for its Medicare Part D Risk Corridor adjustment based on the contract with CMS and actuarial estimates.

b. The Company records accrued retrospective premium as an adjustment to earned premium.

c. The amount of net premiums written by the Company as December 31, 2011 that are subject to retrospective rating features was \$119,967,140 that represented 8.9% of total net premiums written for Medicare. No other net premiums written by the Company are subject to retrospective rating features.

d. The Company is not subject to medical loss ratio rebates pursuant to the Public Health Service Act.

## 25. Change in Incurred Claims and Claims Adjustment Expenses

Reserves as of December 31, 2010 were \$124,312,311. As of December 31, 2011, \$124,330,617 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$316,353 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Medicare line of business. Therefore, there has been a \$334,659 unfavorable prior-year development since December 31, 2010 to December 31, 2011. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

## 26. Intercompany Pooling Arrangements

None.

Notes to Financial Statements

27. Structured Settlements

None.

28. Health Care Receivables

a. Pharmaceutical Rebate Receivables

	Estimated Pharmacy Rebates as Reported	Pharmacy Rebates as Billed or Confirmed	Rebates received within 90 days	Rebates Received within 91 to 180 days	Rebates Received more than 180 days
12/31/2011	15,942,762	-	-	-	-
09/30/2011	15,252,303	7,814,994	-	-	-
06/30/2011	14,569,467	7,437,309	7,437,309	-	-
03/31/2011	13,395,150	7,132,158	7,132,158	-	-
12/31/2010	11,933,264	6,262,992	6,262,992	-	648,172
09/30/2010	10,804,213	5,670,272	5,670,272	-	1,218,136
06/30/2010	9,820,893	5,133,941	5,133,941	-	495,695
03/31/2010	8,551,248	4,706,482	4,642,436	-	(469,784)
12/31/2009	7,231,170	4,053,058	4,646,272	-	206,699
09/30/2009	6,648,124	3,380,972	3,359,776	21,196	-
06/30/2009	6,519,968	3,267,152	3,264,660	2,492	-
03/31/2009	4,576,377	3,252,816	3,391,822	(139,006)	-

b. Risk Sharing Receivables – None.

29. Participating Policies

None.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves: \$0
2. Date of most recent evaluation of this liability: 1/13/2012
3. Was anticipated investment income utilized in the calculation: Yes X No ☐

31. Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
ARKANSAS
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/22/2009
- 3.4 By what department or departments?

Arkansas Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[X] No[ ] N/A[ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[ ] N/A[ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Pricewaterhouse Coopers LLP Two Commerce Square, Suite 1700, 2001 Market Street Philadelphia, PA 19103-7042
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.6 If the answer to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Patrick J. Dunks Milliman 15800 Bluemound Rd Suite 400 Brookfield WI 53005-6069 Actuary/Consultant



GENERAL INTERROGATORIES (Continued)

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$0

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]

13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?

Yes[ ] No[X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2  Issuing or Confirming Bank Name	3  Circumstances That Can Trigger the Letter of Credit	4  Amount
15.2001	.....	.....	.....	.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers

\$0

20.12 To stockholders not officers

\$0

20.13 Trustees, supreme or grand (Fraternal only)

\$0

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers

\$0

20.22 To stockholders not officers

\$0

20.23 Trustees, supreme or grand (Fraternal only)

\$0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others

\$0

21.22 Borrowed from others

\$0

21.23 Leased from others

\$0

21.24 Other

\$0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

\$0

22.22 Amount paid as expenses

\$0

22.23 Other amounts paid

\$0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[ ]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$1,918,380

INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3)

Yes[X] No[ ]

24.2 If no, give full and complete information, relating thereto:

24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)

24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[ ] No[ ] N/A[X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

\$0

24.6 If answer to 24.4 is no, report amount of collateral for other programs.

\$0

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[ ] No[ ] N/A[X]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[ ] No[ ] N/A[X]

24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3).

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Pledged as collateral

25.26 Placed under option agreements

25.27 Letter stock or securities restricted as to sale

25.28 On deposit with state or other regulatory body

25.29 Other

Yes[X] No[ ]

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 1,155,398

\$ 0

25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[ ] No[X]

Yes[ ] No[ ] N/A[X]

Yes[ ] No[X]

\$ 0

Yes[X] No[ ]

1	2
Name of Custodian(s)	Custodian's Address
Goldman Sachs	Philadelphia, PA

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:

Yes[ ] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
361	Goldman Sachs	1735 Market St. 26th Floor Philadelphia, PA 19103

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes[ ] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

26.2

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	..... 119,046,723	..... 119,273,284	..... 226,561
30.2 Preferred stocks .....			
30.3 Totals .....	..... 119,046,723	..... 119,273,284	..... 226,561

30.4 Describe the sources or methods utilized in determining the fair values  
Year end statements provided by custodian

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No[ ] N/A[ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any?

\$..... 0

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1	2
Name	Amount Paid



13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$..... 0

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	369,624,354	231,192,422	183,116,300	201,221,838	204,337,984
2. TOTAL Liabilities (Page 3, Line 24) .....	193,789,793	129,183,059	111,085,507	129,226,795	168,013,306
3. Statutory surplus .....	107,075,609	82,935,795			
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	175,834,559	102,009,362	72,030,793	71,995,044	36,324,678
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	1,350,722,727	924,036,682	745,346,933	690,374,391	389,167,642
6. TOTAL Medical and Hospital Expenses (Line 18) .....	1,010,708,629	773,284,761	616,812,401	643,113,427	362,989,104
7. Claims adjustment expenses (Line 20) .....	104,012,408	76,533,053	60,905,155	42,331,756	43,535,225
8. TOTAL Administrative Expenses (Line 21) .....	106,922,865	79,889,899	77,139,462	58,583,372	33,973,015
9. Net underwriting gain (loss) (Line 24) .....	129,078,825	(5,671,031)	(9,510,085)	(53,654,164)	(51,329,702)
10. Net investment gain (loss) (Line 27) .....	(91,461)	(212,884)	(517,643)	3,669,230	2,263,083
11. TOTAL Other Income (Lines 28 plus 29) .....	(663,325)	(709,798)	(2,593,226)	(8,021,036)	
12. Net income or (loss) (Line 32) .....	98,698,580	(4,919,040)	(11,188,187)	(47,534,970)	(49,066,619)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	181,235,767	(8,417,064)	(47,968,937)	(109,980,555)	89,493,354
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	175,834,559	102,009,362	72,030,793	71,995,044	36,324,678
15. Authorized control level risk-based capital .....	38,936,585	30,158,471	24,154,418	25,135,144	14,462,896
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	83,665	68,544	43,384	45,386	57,258
17. TOTAL Members Months (Column 6, Line 7) .....	924,562	700,810	482,570	528,609	338,739
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	74.8	83.7	82.8	93.2	93.3
20. Cost containment expenses .....	4.0	4.5	3.3	2.8	6.6
21. Other claims adjustment expenses .....	3.7	3.8	4.9	3.3	4.6
22. TOTAL Underwriting Deductions (Line 23) .....	90.4	100.6	101.3	107.8	113.2
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	9.6	(0.6)	(1.3)	(7.8)	(13.2)
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	90,428,857	87,521,465	102,250,850	141,923,205	
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	90,094,198	89,082,006	103,589,199	140,822,974	
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

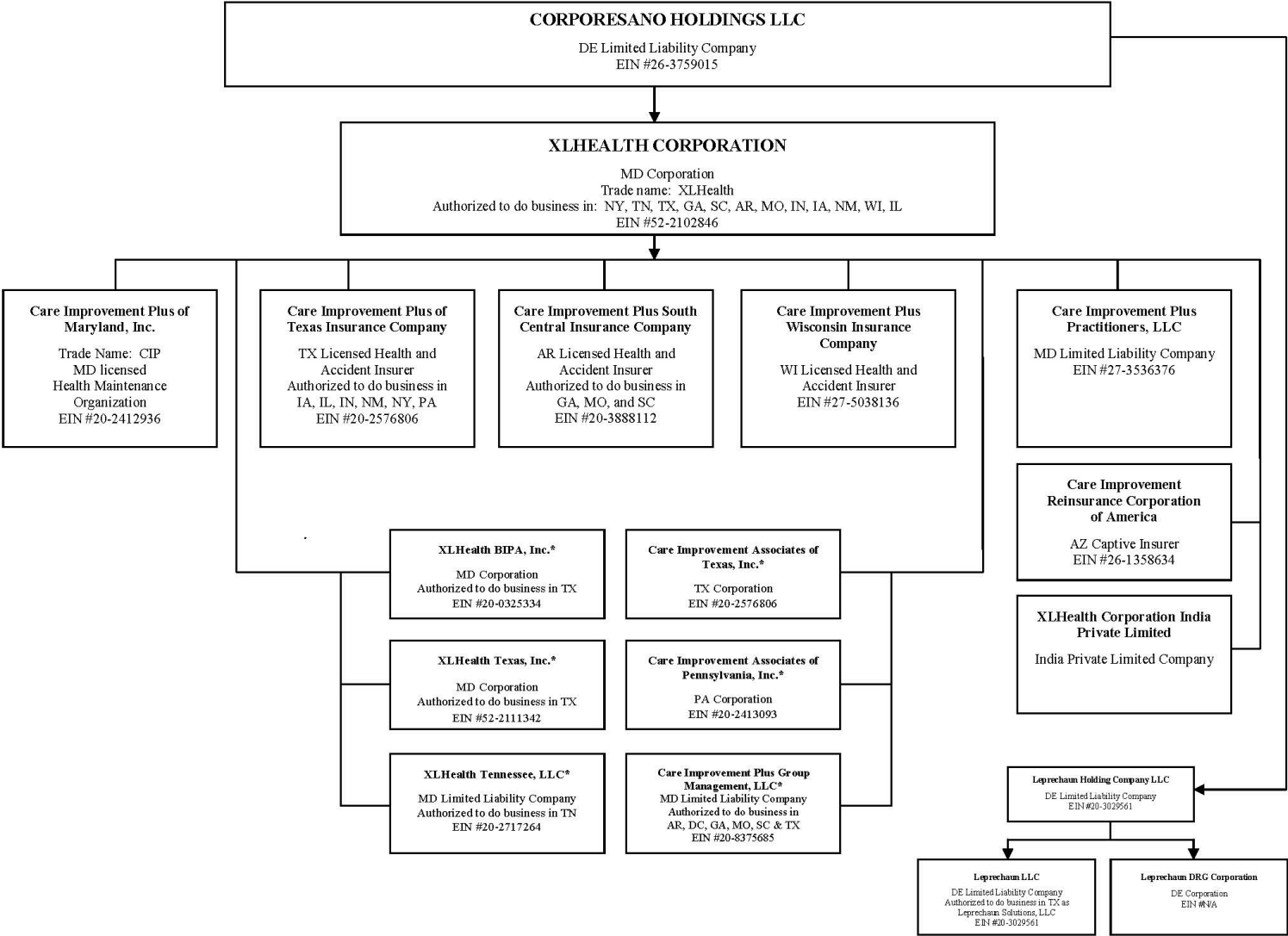
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	L		201,802,283					201,802,283	
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	L		493,999,377					493,999,377	
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	L		181,822,120					181,822,120	
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	L		474,513,526					474,513,526	
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X		1,352,137,306					1,352,137,306	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 4		1,352,137,306					1,352,137,306	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: Premiums are allocated to each state based on residence of member.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



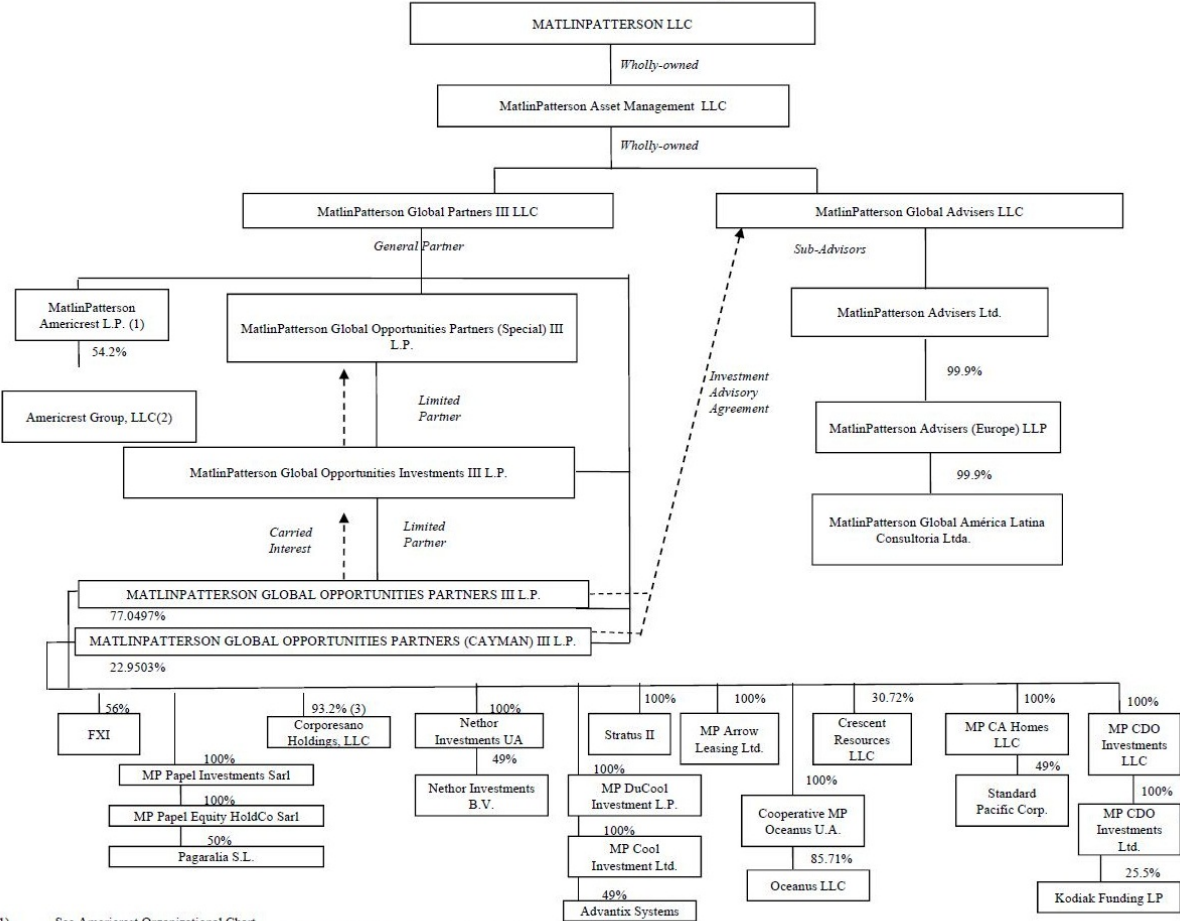
CORPORESANO HOLDINGS LLC – ORGANIZATIONAL CHART (01/01/12)

\*Entities are non-operational (except tax matters, as applicable)



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

ORGANIZATION CHART - MATLINPATTERSON GLOBAL OPPORTUNITIES PARTNERS III  
(Confidential)



(1) See Americrest Organizational Chart  
(2) MatlinPatterson Americrest L.P. has the right to 50% of the board seats of Americrest Group, LLC  
(3) Ownership reported on an as-converted basis

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